

RULES for TCM

1. Start your season! A 12-month season starting in January is preferable, but you can start in any month. If you want to stay within a calendar year and have already missed some months, use a short season with 10 games or 8 games. As long as you have more wins than losses in the season, you will be successful.
2. Every month, play the game. The objective is simple profit/loss strategy. You will manage your home as a business. *A profit simply means that your spending and commitments were less than your available income, leaving a surplus or profit.*
3. You must record each financial transaction. Keep all receipts such as gas, groceries, fast food, shopping, and utilities. Periodically during the week, record the transaction on the form provided. **See the example.**
4. All transactions are recorded when made. Commitments and credit purchases are recorded at the time the transaction is made, not when the bill arrives. Use your credit card statements to make sure you have recorded all transactions in TCM.
5. At the end of the week, divide your expenditures into groups: Basic Needs (BN) and Non-Basic Needs (NBN). Providing for your basic needs is like buying bread and butter. Bread is a staple food, a necessity used to feed the world. Bread and butter are BN which truly satisfy our basic needs. Non-Basic Needs are like buying the bells and whistles. NBN are nice to look at, but are not required to survive or function. Too much NBN corrodes our profits or, worse, causes us to go into debt. The key to your winning season will be tracking and controlling the NBN in your spending.
6. Score the week as follows: 1) Total all spending. 2) Identify and total the NBN spending. 3) Subtract the NBN spending from the total. This is your BN spending. 4) Divide the BN spending by your total weekly spending and multiply by 100. This is your score. This percentage needs to be at least 86% or above to win the week or quarter. You will need at least 3 quarters to win the month or game. At the end of the month, re-total your numbers and recalculate the score.

This is especially helpful in a month in which you won two quarters/weeks and lost two quarters/weeks.

7. You may not like calculating or using percentages to score your week. That's okay. Another way to track your progress is by looking at every \$100 you spend. TCM dictates that \$86 out of every \$100 be used for BN, for things that are truly necessary. Again, it is strategically better to track and control the NBN spending. Your NBN spending is what you have the most immediate influence to control. Another way to keep score is to simply total your month-end spending. If you have spent and committed more than you brought home, then you have lost the game for the month. Again, the key is to play the game every month and know how you are doing, followed by taking corrective action for the next game.

8. The following are BN expenditures:
 - Food and necessary groceries are BN. Fast food, vending foods, restaurants are NBN.
 - All bills and loans are BN, since they are commitments that must be paid.
 - Maintenance of your auto and home is BN. Unnecessary repairs and buying new items are generally NBN.
 - Investments that add to your net worth are BN.

Guidelines For The TCM System

1. Interest is an expense. Lowering your loan expenses is an integral part of financial management, but will not pay off your loan. Generating a net surplus is the only way to do this. If you have \$10,000 in debt, you need \$10,000 of net income as surplus to pay off the debt. Your objective is to generate a surplus each week, quarter, month, and year.
2. A BN can be illustrated with a hotel stay. Let us suppose that you had to travel out of town for a family emergency and had to spend the night. Look at the options available to you: sleep in your car; be an unwelcome guest with a relative or acquaintance; or stay at a 'flea bag' hotel (\$25), economy motel (\$40), modest hotel (\$50), etc. Most likely, an economy hotel, between \$40 and \$50, would meet your BN. Spending any additional money would be wasted, NBN spending.
3. A business must make a profit. Your family finances are no different. A profit simply means that you have invested wisely. For a business, a profit means producing a positive net income, the income above the cost of doing business. For the home, your income should exceed the cost of operating your household. When the cost of operating your household exceeds the take-home income, you must borrow to make up the difference.
4. In a business, managers must determine the essential items needed to maintain the business. This includes things such as the building, utilities, materials, transportation, chemicals, and labor. All other items are deemed discretionary and are purchased only if funds are available.

You must determine what is essential to maintain your household. This includes such things as food, water, shelter, transportation, and clothing. All other items are discretionary and are purchased only if funds are available. These items include music, fast food, movies, vacations, hobbies, and sports events.

This is a quote from the chairman of a major forest products company: "We are looking at everything we are doing, in all corners of the company, and asking - is this essential, is this the best approach? These are extremely difficult choices to make, especially because of the impact on employees, but ones that will ultimately help make us strong enough to win in any environment." This statement could easily apply to your personal financial decisions at home.

Corporations look at brutal facts, but as consumers we are shielded from them. As consumers, we are conditioned to buy, buy, and buy without considering the negative impacts on our financial situation.

5. Stop worrying about your debt. The TCM system will eliminate your debt. Debt is just a way of keeping score as to how you are managing your finances. When you fall behind, it simply means that you have to manage more effectively. This is no different than when a football team falls behind in a game. For instance, Troy University won an

upset game against Missouri University in the Fall of 2004. The final score was 24 to 14; Troy won. Missouri scored the first two touchdowns. The 14 points Missouri scored did not go away. Troy had to score 14 points to offset being 14 points down, and then score additional points to win.

I think sometimes we worry too much about the 14 point deficit. We don't want to come from behind. We don't want to make up ground. But what are our options? Stay down? Keep losing? The key is to realize that being down 14 points does not mean the game is over. It takes 4 quarters to win the game. At that point in time, the other team just happens to be ahead. So it is with our financial game. If you have liabilities, it only means you lost some games along the way. But the SEASON is not over. You are measured by the games you win going forward. KEEP WINNING!

6. The emphasis you must place on debt is that it is a result, an outcome. You must place your attention on the TCM System and on maximizing the utilization of your money. Interest is a cost that will rob you of future earnings; it is an expense like any other expense that must be managed. As you move toward creating a surplus, you must decide where the best place to utilize your surplus is. Your real goal is to increase your net income each month, to finish the month with a surplus. If you are \$1000 ahead after several games or months, that surplus should be used to lower your debt, to prevent interest charges from stealing your wealth. When your debt is eliminated, invest your money for long-term growth in tax-friendly retirement accounts (IRA, 401K, ROTH etc).

7. Sometimes making a touchdown is a matter of inches. With TCM, we recognize that your performance will not be perfect, because perfection does not exist in the real world. What we are really doing is keeping you as much on course as possible. A winning season is 7 out of 12 games, not 12 out of 12. Don't get frustrated with one bad month. You have 11 other months to win.

8. The TCM system will keep you on track. You may lose some battles, but you will not lose the war. In TCM, after you have made a large purchase that results in a monthly bill, the resulting payments are recorded as Basic Needs, BN. This is because the bill must be paid, even though it may not have been truly needed initially. This is a self-correcting process as your BN will increase going forward and decrease the funds available for NBN purchases. Remember: "there is no free lunch" as there is a finite amount of money available to spend each month.

Why Does TCM Work?

1. TCM tracks and controls your financial decisions. As you play the game each month, this book becomes a valuable financial diary which will be a great asset to achieve financial freedom.
2. TCM is based on sound business strategy.
3. TCM establishes momentum in the right direction. With no plan or system, you tend to drift toward financial instability.
4. Every hour invested in managing your money could mean thousands of dollars saved in years to come.

Finally, I would like to share a parable from the Bible that has motivated me to make true economic progress and not be satisfied with just “getting by”.

The Parable of the Talents

NIV Zondervan, Matthew 25:14-29

“Again, it will be like a man going on a journey, who called his servants and entrusted his property to them. To one he gave five talents (a talent was worth more than \$1,000) of money, to another two talents, and to another one talent, each according to his ability. Then he went on his journey. The man who had received the five talents went at once and put his money to work and gained five more. So also, the one with the two talents gained two more. But the man who had received the one talent went off, dug a hole in the ground and hid his master’s money.

After a long time the master of those servants returned and settled accounts with them. The man who had received the five talents brought the other five. ‘Master,’ he said, ‘you entrusted me with five talents. See, I have gained five more.’

The man with the two talents also came. ‘Master,’ he said, ‘you entrusted me with two talents; see, I have gained two more.’

Then the man who had received the one talent came. ‘Master,’ he said, ‘I knew that you are a hard man, harvesting where you have not sown and gathering where you have not scattered seed. So I was afraid and went out and hid your talent in the ground. See, here is what belongs to you.’

His master replied, 'You wicked, lazy servant! So you knew that I harvest where I have not sown and gather where I have not scattered seed? Well then, you should have put my money on deposit with the bankers, so that when I returned I would have received it back with interest.'

*'Take the talent from him and give it to the one who has the ten talents. **For everyone who has will be given more, and he will have an abundance. Whoever does not have, even what he has will be taken from him.**'*

The parable has a powerful message. In the past, I viewed people who had great wealth as being too materialistic. My view has always been that material things cannot make you happy. However, the parable is telling us that we should produce and multiply the talents or resources that we have been blessed to receive. Therefore, it is not enough to just get by and survive. A football team that has recruited the best talent and has the best coaches should produce a winning season, if not a championship. In your financial game, seek to win by doubling, tripling, or quadrupling your present net worth. Produce as much wealth as possible; when you have more than you need, give the surplus away. This will put you in the financial HALL OF FAME!

Examples of Basic Needs And Non Basic Needs

Metal	Hotel	Car	Home*
Tin Cup, inexpensive but not worth the risk and inconvenience; OK if income is low; for students or those with financial difficulties	Economy room; less than \$30; bad part of town	Costs less than \$2,000; runs; but is a mechanical liability	Costs less than \$40,000; 2 BR and 1 bath or mobile home
Copper Cup; meets basic needs; opportunity to save money here	Value based room; Less than \$45; near interstate; small town; Economy Inn	Costs less than \$4,000; reliable, but high maintenance	\$40,000 to \$69,999; less than 1500 SF; older home
Bronze Cup; meets basic needs	Deluxe room with most of the extras-iron; fridge, etc.; less than \$60; Days Inn	\$4,000 to 9,999; reliable transportation; no issues	\$70,000 to 119,999; up to 1800 SF; older home; 3BR 2 Bath, carport
Silver Cup; exceeds basic needs; acceptable if your income can easily support and still have a surplus	Bronze, but with a few more extras; safe, convenient location; less than \$80; Ramada Inn	\$10,000 to 19,999; slightly used, late model	\$120,000 to \$199,999; over 2000 SF; older home; 3BR 2 Bath, garage; nice home
Gold Cup; exceeds basic needs; not a good investment; purchase only if you can pay cash!	Silver but with 90% of the extras; downtown; less than \$150; Crown Plaza	\$20,000 to 29,999; new vehicle; all the extras	\$200,000 to \$299,999; over 3000 SF; new home; 4BR 3BA, garage
Titanium Cup; exceeds basic needs; your net worth should be in excess of 1 Million dollars	100% of all extras; best location; over \$150 but less than \$300; Adams Mark	\$30,000 to 49,999; premium new vehicle; Cadillac, Mercedes	\$300,000 to \$500,000; over 3,000 SF; 5BR 4 BA; 3 car garage
Platinum Cup; exceeds basic needs; your net worth should be over 3 million dollars.	Over \$300; special purpose room; for the rich--entertainers, athletes, High Roller Inn	\$50,000 and over; Ultra luxury	Over \$600,000; 4000 SF and above; ultra luxury; gated community; pool and all perks

* Home prices reflect central Alabama area, 2006

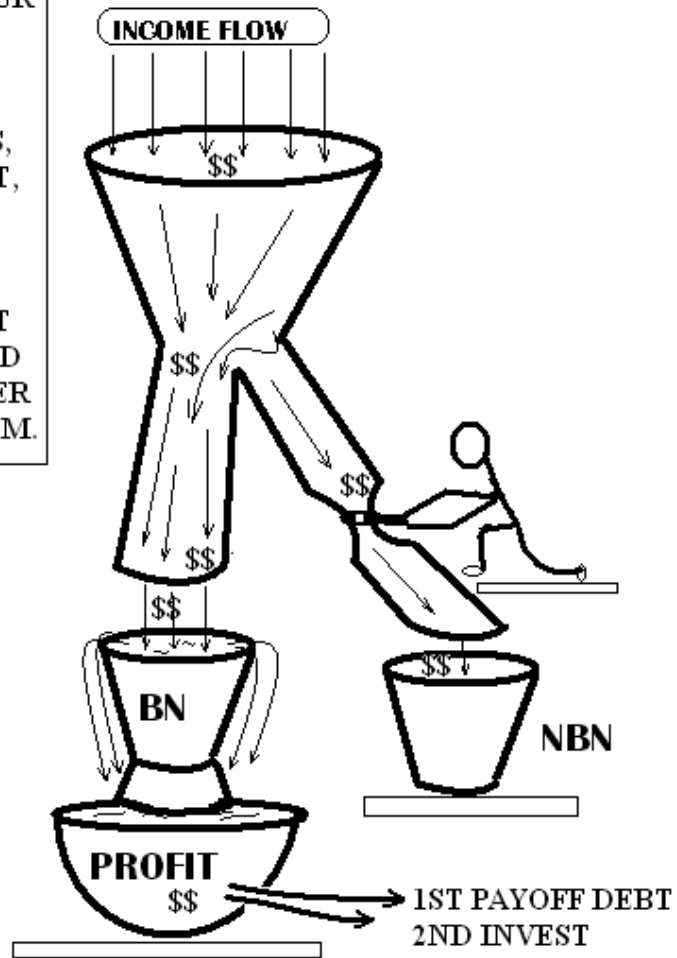
Stages of Financial Progress

Metal	Condition
Tin Cup	Negative net worth; serious debt; Paycheck-To-Paycheck; no control; credit card debt has been at high level for over five years.
Copper Cup	Positive Net Worth; credit card debt is declining, with less than four years to pay off; One Winning Season completed.
Bronze Cup	Positive net worth continues to increase; at least one year's salary in savings; credit card debt has less than two years to payoff; investing in IRA or 401K; completed second Winning season; purchased a home and gaining equity.
Silver Cup *	Net worth climbs to twice your gross salary; at least 50% equity in your home; maximum contributions to IRA, 401K and other tax preferred investments; NO credit card debt; NO car loans or other debt of any kind; completed three winning seasons.
Gold Cup *	Net worth climbs to four times your gross salary; in addition to maximum contributions to IRA, 401K etc, you invest in real estate and other profitable businesses; 75% equity in your home; NO consumer debt, completed seven winning seasons.
Titanium Cup *	Totally Debt Free; NO mortgage or other debt; net worth exceeds seven times annual gross salary; significant investment income; long track record of winning seasons....could retire at proper age, 55 to 62.
Platinum Cup**	Net worth exceeds two million dollars; NO debt; income-producing businesses and/or investments that easily pay your expenses. You can quit the day job! <i>You have reached total financial freedom!</i>

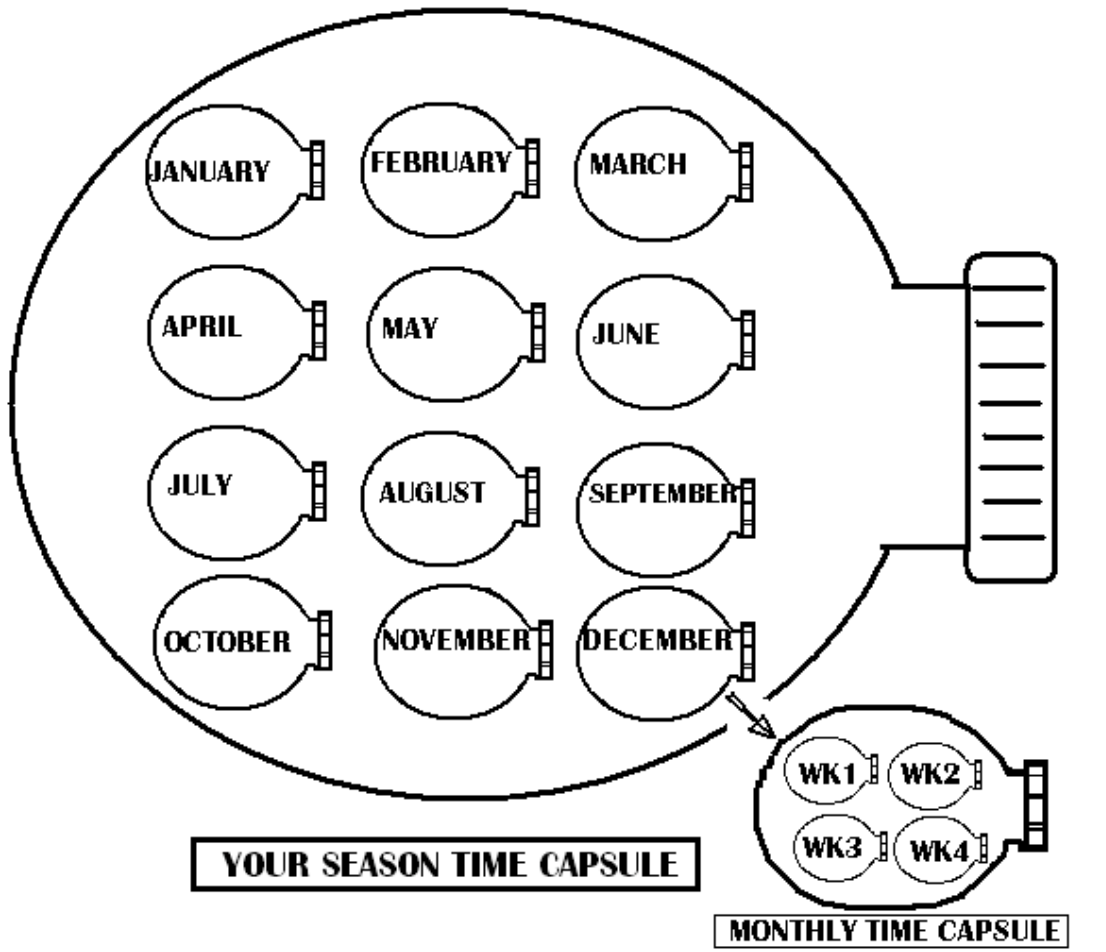
* Define your financial freedom. The silver, gold or titanium cup could be financial freedom for some Americans.

** Few Americans may reach this level, but it is possible with the TCM System.

THE BASIC PRINCIPLE OF TCM IS TO REDUCE YOUR SPENDING ON NBN, NON BASIC NEEDS. AFTER SATISFYING YOUR BN, BASIC NEEDS, THE SURPLUS IS PROFIT, USED FOR DEBT REDUCTION AND INVESTMENTS. BY DOING THIS, YOUR NET WORTH INCREASES AND YOU WILL MOVE CLOSER TO FINANCIAL FREEDOM.



The 2006 WINNING SEASON: TWELVE (12) GAMES, A MONTH IS ONE GAME. FOUR QUARTERS PER GAME, 1 WEEK = ONE QUARTER



THE TCM THREE STEP PROCESS

**1. DAILY- SAVE
ALL RECEIPTS
AND FILL OUT
WEEKLY GAME
SHEET**

**2. WEEKLY,
SUNDAY
DETERMINE YOUR
SCORE, REDUCE
NBN SPENDING**

**3. MONTHLY-
DETERMINE GAME
SCORE WON/LOSS,
REVIEW MONTHLY
GAME PLAN**

Budget	<u>Planned</u>	<u>Actual</u>
1. Food	_____	_____
2. Clothing, Healthcare	_____	_____
3. Shelter, Utilities	_____	_____
4. Insurance and Taxes	_____	_____
5. Transportation	_____	_____
6. Family, Charity	_____	_____
7. Bills, Loans, Debts	_____	_____
8. Savings, Investments	_____	_____
9. Education	_____	_____
10. Household, Tools, Dues	_____	_____
11. Purchases, Projects	_____	_____
12. Fun, Entertainment	_____	_____
Totals: _____	_____	_____

Final Game :

		TOTAL SPENDING	NBN
86% to 100% is a WIN			
80% to 85% Tie Game	WEEK 1/Q1	_____	_____
70% to 79% Loss but Good Effort	WEEK 2/Q2	_____	_____
60% to 69% Loss-Warning Danger	WEEK 3/Q3	_____	_____
59% and Below Loss, Total Failure	WEEK 4/Q4	_____	_____
	TOTAL	_____	_____

$\text{TCM Ratio} = \frac{(\text{Total Spending} - \text{NBN})}{\text{Total Spending}} \times 100$
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Loan/Debt Payments:

Name of Account	Account Balance/Payment/Date		

Please enter your financial notes for the month, successes and opportunities to improve:


Game 1 Year 2006 Check N() for Not Basic Need

Week/Quarter 1

Record your Expenditures: Date/Item.&Place/Amount

1-30-06	gas-Amoco	\$22.0	N()		N()
1-30-06	mortgage	\$900	N()		N()
1-30-06	power bill	\$100	N()		N()
1-30-06	grocery	\$100	N()		N()
1-30-06	movie and dine out	\$75	N(x)		N()
1-30-06	new CD player	\$50	N(x)		N()
1-30-06	amusement park	\$100	N(x)		N()
1-30-06	auto gas	\$45	N()		N()
1-30-06	utilities	\$160	N()		N()
			N()		N()
			N()		N()
			N()		N()

Total Spending Weeks: \$1552

Total NBN:.....  \$225

TCM Ratio= $\frac{\text{Total Spending} - \text{NBN}}{\text{Total Spending}} \times 100 = \frac{\$1552 - \$225}{\$1552} \times 100 = 86\%$, you **WON**


Game _____ Year _____ Check NBN() for Not Basic Need

Week/Quarter _____

Record your Expenditures:

			N()		N()
			N()		N()
			N()		N()
			N()		N()
			N()		N()
			N()		N()
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			N()		N()
			N()		N()
			N()		N()

Total Spending Weeks: _____

Total NBN:..... 

TCM Ratio= $\frac{\text{Total Spending} - \text{NBN}}{\text{Total Spending}} \times 100$

Use the Weekly Quarters Below to Set up Your Games and Play the TCM System.

January 2007

First Quarter: January 1 to January 7, 2007
Second Quarter: January 8 to January 14, 2007
Third Quarter: January 15 to January 21, 2007
Fourth Quarter: January 22 to January 28, 2007

February 2007

First Quarter: January 29 to February 4, 2007
Second Quarter: February 5 to February 11, 2007
Third Quarter: February 12 to February 18, 2007
Fourth Quarter: February 19 to February 25, 2007

March 2007

First Quarter: February 26 to March 4, 2007
Second Quarter: March 5 to March 11, 2007
Third Quarter: March 12 to March 18, 2007
Fourth Quarter: March 19 to March 25, 2007
Fifth Quarter: March 26 to April 1, 2007

April 2007

First Quarter: April 2 to April 8, 2007
Second Quarter: April 9 to April 15, 2007
Third Quarter: April 16 to April 22, 2007
Fourth Quarter: April 23 to April 29, 2007

May 2007

First Quarter: April 30 to May 6, 2007
Second Quarter: May 7 to May 13, 2007
Third Quarter: May 14 to May 20, 2007
Fourth Quarter: May 21 to May 27, 2007

June 2007

First Quarter: May 28 to June 3, 2007
Second Quarter: June 4 to June 10, 2007
Third Quarter: June 11 to June 17, 2007
Fourth Quarter: June 18 to June 24, 2007
Fifth Quarter: June 25 to July 1, 2007

July 2007

First Quarter: July 2 to July 8, 2007
Second Quarter: July 9 to July 15, 2007
Third Quarter: July 16 to July 22, 2007
Fourth Quarter: July 23 to July 29, 2007

August 2007

First Quarter: July 30 to August 5, 2007
Second Quarter: August 6 to August 12, 2007
Third Quarter: August 13 to August 19, 2007
Fourth Quarter: August 20 to August 26, 2007
Fifth Quarter: August 27 to September 2, 2007

September 2007

First Quarter: September 3 to September 9, 2007
Second Quarter: September 10 to September 16, 2007
Third Quarter: September 17 to September 23, 2007
Fourth Quarter: September 24 to September 30, 2007

October 2007

First Quarter: October 1 to October 7, 2007

Second Quarter: October 8 to October 14, 2007

Third Quarter: October 15 to October 21, 2007

Fourth Quarter: October 22 to October 28, 2007

Fifth Quarter: October 29 to November 4, 2007

November 2007

First Quarter: November 5 to November 11, 2007

Second Quarter: November 12 to November 18, 2007

Third Quarter: November 19 to November 25, 2007

Fourth Quarter: November 26 to December 2, 2007

December 2007

First Quarter: December 3 to December 9, 2007

Second Quarter: December 10 to December 16, 2007

Third Quarter: December 17 to December 23, 2007

Fourth Quarter: December 24 to December 31, 2007